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DIA and DOS review(s) completed.

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GENERAL

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1. Soviets may moderate attitude at Paris Conference--The Military Attaché in Bern has been informed [redacted] that the Soviets may be obliged to "recede from their former intransigent attitude" in the CFM. Reasons advanced for this change are (a) accumulating economic and political difficulties, (b) the stiffening US attitude, (c) increasing signs that Western Europe rejects Soviet ideologies, and (d) rising hostility in satellite nations.
2. Soviets ready to sign new Austrian control machinery agreement-- The Soviet Commander in Vienna has informed General Clark in writing that he is ready to sign the new control machinery agreement covering Austria [redacted]

25X1

EUROPE-AFRICA

3. BULGARIA: Soviet troop movements--A high-ranking general in the Bulgarian Army has told General Robertson of the US Military Mission in Sofia that the Soviets plan to withdraw from Bulgaria to the USSR all but one infantry division. Armored and motorized troops will remain in the country. Robertson also states that (a) there is independent evidence that such a move is actually taking place; and (b) there are no positive indications that Soviet air strength is being withdrawn from Bulgaria.
4. VENEZIA GIULIA: US and UK demand return of deportees--The State Department has instructed Charge Shantz in Belgrade to join with his British colleague in presenting to the Yugoslav Government a revised list (prepared by AFHQ) of 4330 persons deported from Venezia Giulia by the Yugoslav military during May and June 1945. Shantz is instructed to state that (a) contrary to Yugoslav Government protestations, there is conclusive evidence that a large number of persons were in fact deported from Venezia Giulia, and (b) the US hopes that the Yugoslav Government will "now finally take immediate steps" to have these persons returned.

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5. FRANCE: Communist views--US Military Attaché Brussels reports that in two French Communist Politburo meetings last week Duclos argued that (a) the Communists were "victorious" in the 2 June elections; and (b) MRP influence will be decreased by accusations of complicity with the Vatican. Duclos considers that (a) it would be bad policy for the Communists not to join the Government, because "penetration is not yet complete"; (b) propaganda undermining the Socialist left wing must be "intensified at all costs"; and (c) the "big Communist trumps" are CGT-sponsored strikes and accusations of MRP-Vatican collusion.
6. SPAIN: Possible referendum on Franco regime--US Military Attaché Madrid reports that Franco "appears" to be preparing to call a referendum on his regime. The MA considers that in such a referendum a majority is likely to vote in favor of the regime.
7. FINLAND: Finnish Communists dissatisfied with party leaders--The US Minister confirms reports that rank and file Finnish Communists are dissatisfied with Party leadership. In order to meet the reparations schedule, Communist leaders are stressing production and stability at the expense of immediate benefits for workers and the revolutionary program in general.
8. USSR: US representations on Ruess case--Secretary Byrnes believes that US acceptance of Soviet jurisdiction in the Ruess case (see the Daily Summary, 4 June, item 4) would seriously undermine the security of the US Embassy and the morale of its staff. Byrnes is instructing Smith (a) to make every effort to induce the plaintiff to withdraw her complaint against Ruess, and (b) if the effort is successful to defer further representations until Ruess is out of the country. In any event Smith is to seek an interview with Molotov and (a) explain Byrnes' "personal interest" and "earnest hope" for US-Soviet agreement on the principle involved, and (b) state that, if the Soviet Government is not prepared to grant the US Embassy customary diplomatic privileges and immunities, the corresponding privileges will be withdrawn from the Soviet Embassy in Washington.

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FAR EAST

9. KOREA: Soviet Consul to withdraw from Seoul--General Hodge has been informed by Soviet Consul Polianski that the Soviet Government has ordered the withdrawal "in the near future" of the Soviet Consulate in Seoul [redacted] Hodge comments that Polianski apparently expects to complete the move within the next ten days.

10. INDOCHINA: Chinese seize French machinery as war booty--US Consul Hanoi reports that the war booty shipped from Indochina by the Chinese War Ministry Mission included some French industrial equipment from Haiphong. The French regard this action as similar to Soviet actions in Manchuria against which the Chinese have protested.

11. N.E.I.: Dutch cannot extend protection to Sumatra--Embassy The Hague reports that according to the Netherlands Minister of Foreign Affairs, (a) the British expect to withdraw their troops and most of the Japanese by the end of 1946; and (b) the Dutch will be fully occupied in Java, and will be unable to extend their protection to their own and foreign interests in Sumatra.

12. CHINA: Communists in Tsingtao area ordered to cease fire--Admiral Cooke reports that Chou En-Lai has issued cease-fire orders to Communist forces in the Tsingtao area. While there has been considerable Communist activity in Shantung Province Admiral Cooke has been "reliably informed" that the Communists will not attack Tsingtao.

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THE AMERICAS

13. CHILE: Elimination of Communists contemplated--According to Ambassador Bowers, the Chilean Government plans to eliminate the Communists if "terrorism" continues. Bowers states that (a) current labor troubles involving illegal strikes, murders and violent disorders can be ascribed to the Communists, and (b) strong anti-Communist measures will apparently meet with general support.

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